

BUENA VISTA COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2011

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	4-5
Management's Discussion and Analysis	6-12
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Assets	A 13
Statement of Activities	B 14
Governmental Fund Financial Statements:	
Balance Sheet	C 15
Reconciliation of the Balance Sheet - Governmental Funds to the	
Statement of Net Assets	D 16
Statement of Revenues, Expenditures, and Changes in	
Fund Balances	E 17
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Governmental Funds to the Statement of Activities	F 18
Proprietary Fund Financial Statements:	
Statement of Net Assets	G 19
Statement of Revenues, Expenses, and Changes in	
Fund Net Assets	H 20
Statement of Cash Flows	I 21
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Assets and Liabilities - Agency Funds	J 22
Notes to Financial Statements	23-38
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes	
in Balances - Budget and Actual (Cash Basis) - All Governmental Funds	40
Budget to GAAP Reconciliation	41
Notes to Required Supplementary Information - Budgetary Reporting	42
Schedule of Funding Progress for the Retiree Health Plan	43
Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 44
Combining Schedule of Revenues, Expenditures, and Changes	
in Fund Balances	2 45
Agency Funds:	
Combining Schedule of Fiduciary Assets and Liabilities	3 46
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4 47
Schedule of Revenues by Source and Expenditures by Function -	
All Governmental Funds	5 48
Schedule of Expenditures of Federal Awards	6 49
Notes to the Schedule of Expenditures of Federal Awards	50
Independent Auditor's Report on Internal Control over Financial Reporting and on	
Compliance and Other Matters Based on an Audit of Financial Statements Performed	
in Accordance with <i>Government Auditing Standards</i>	51-52
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct	
and Material Effect on Each Major Program and on Internal Control over Compliance in	
Accordance with OMB Circular A-133	53-54
Schedule of Findings	55-59

BUENA VISTA COUNTY

OFFICIALS

(Before January 2011)

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Dale Arends	Board of Supervisors	Jan. 2011
Ken Hach	Board of Supervisors	Jan. 2011
Paul Merten	Board of Supervisors	Jan. 2011
Don Altena	Board of Supervisors	Jan. 2013
Rhonda Ringgenberg	Board of Supervisors	Jan. 2013
Susan Lloyd	County Auditor	Nov. 2010
Kathleen Bach	County Treasurer	Jan. 2011
Shari O'Bannon	County Recorder	Jan. 2011
Gary Launderville	County Sheriff	Jan. 2013
Dave Patton	County Attorney	Jan. 2011
Kathy Croker	County Assessor	Jan. 2016

(After January 2011)

Don Altena	Board of Supervisors	Jan. 2013
Rhonda Ringgenberg	Board of Supervisors	Jan. 2013
Dale Arends	Board of Supervisors	Jan. 2015
Ken Hach	Board of Supervisors	Jan. 2015
Paul Merten	Board of Supervisors	Jan. 2015
Susan Lloyd	County Auditor	Jan. 2013
Kathleen Bach	County Treasurer	Jan. 2015
Shari O'Bannon	County Recorder	Jan. 2015
Gary Launderville	County Sheriff	Jan. 2013
Dave Patton	County Attorney	Jan. 2015
Kathy Croker	County Assessor	Jan. 2016

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
RICHARD R. MOORE, C.P.A.
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W.J. HUNZELMAN, C.P.A. 1921-1997

1100 WEST MILWAUKEE
STORM LAKE, IOWA 50588
712-732-3653
FAX 712-732-3662
info@hpcocpa.com

INDEPENDENT AUDITOR'S REPORT

To the Officials of Buena Vista County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Buena Vista County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

Management has not recorded the materials and supplies inventory in governmental activities or the Secondary Road major fund. Accounting principles generally accepted in the United States of America require that the inventory be recorded, which would increase the assets and net assets, and decrease the expenses of the governmental activities and the Secondary Roads major fund. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities and the Secondary Road major fund is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities or the Secondary Road major fund of Buena Vista County as of June 30, 2011, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the major funds, except the Secondary Road fund, and the aggregate remaining fund information of Buena Vista County, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2012, on our consideration of Buena Vista County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and the Schedule of Funding Progress for the Retiree Health Plan on pages 6 through 12 and 40 through 43 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Buena Vista County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for each of the years in the two year period ending June 30, 2003, (which are not presented herein) and expressed qualified opinions on those financial statements because of the omission of general fixed assets and materials and supplies inventory. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for each of the years in the six year period ending June 30, 2009 (none of which are presented herein), and expressed qualified opinions on those financial statements because the materials and supplies inventory was omitted. Finally, we previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ending June 30, 2010 (not presented herein), and expressed an adverse opinion on those financial statements because the materials and supplies inventory was omitted. Other supplementary information included in Schedules 1 through 6 including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

February 21, 2012

Hungelmaier, Putzger & Co.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Buena Vista County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 2.3%, or approximately \$402,000, from fiscal year 2010 to fiscal year 2011. Charges for service decreased approximately \$802,000 and capital grants, contributions and restricted interest increased approximately \$1,200,000.
- Program expenses of the County's governmental activities were 7.8%, or approximately \$1,097,000, less in fiscal year 2011 than in fiscal year 2010. Administration expenses decreased approximately \$880,000.
- Buena Vista County's net assets increased \$4,791,541, or approximately 22.7%, from June 30, 2010, to June 30, 2011, due to secondary road projects: C-65 project, M-43, South Cove, precast box culvert, bridge replacement, and M-27 culvert replacement.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Buena Vista County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Buena Vista County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Buena Vista County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Other Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt, and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three categories of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets, and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES - (Continued)

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities		
	June 30,	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 17,665,067	\$ 16,396,434
Capital assets	<u>24,732,341</u>	<u>21,233,348</u>
Total assets	<u>42,397,408</u>	<u>37,629,782</u>
Long-term liabilities	7,413,721	7,978,517
Other liabilities	<u>9,102,464</u>	<u>8,561,583</u>
Total liabilities	<u>16,516,185</u>	<u>16,540,100</u>
Net assets		
Invested in capital assets, net of related debt	20,717,208	16,884,895
Restricted	6,238,325	5,559,956
Unrestricted	<u>(1,074,310)</u>	<u>(1,355,169)</u>
Total net assets	<u>\$ 25,881,223</u>	<u>\$ 21,089,682</u>

Net assets of Buena Vista County's governmental activities increased 22.7% (25.9 million compared to \$21.1 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**Changes in Net Assets of Governmental Activities**

	Year Ended June 30,	
	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Charges for service	\$ 1,294,772	\$ 2,096,603
Operating grants, contributions, and restricted interest	4,414,092	4,433,103
Capital grants, contributions, and restricted interest	2,872,931	1,672,779
General revenues:		
Property tax	7,865,688	7,854,809
Penalty and interest on property tax	46,570	48,650
Local option sales tax	725,014	762,169
State tax credits	249,902	284,166
Grants and contributions not restricted to specific purposes	95,034	54,938
Unrestricted investment earnings	126,087	130,549
Other general revenues	<u>53,739</u>	<u>4,135</u>
Total revenues	<u>17,743,829</u>	<u>17,341,901</u>
Program expenses:		
Public safety and legal services	2,568,256	2,612,424
Physical health and social services	1,144,492	1,215,749
Mental health	1,342,297	1,264,590
County environment and education	732,908	700,141
Roads and transportation	4,117,264	4,490,171
Governmental services to residents	700,840	628,558
Administration	1,561,617	2,439,290
Non-program	499,380	185,528
Interest on long-term debt	<u>285,234</u>	<u>512,719</u>
Total expenses	<u>12,952,288</u>	<u>14,049,170</u>
Increase in net assets	4,791,541	3,292,731
Net assets beginning of year, as restated	<u>21,089,682</u>	<u>17,796,951</u>
Net assets end of year	<u>\$25,881,223</u>	<u>\$21,089,682</u>

Buena Vista County's net assets of governmental activities increased approximately \$4,792,000 during the year. Revenues for governmental activities increased approximately \$402,000 over the prior year.

The cost of all governmental activities this year was approximately \$13 million compared to approximately \$14 million last year. However, as shown in the Statement of Activities on page 14, the amount taxpayers ultimately financed for these activities was only \$4.4 million because some of the cost was paid by those directly benefited from the programs (\$1.3 million) or by other governments and organizations which subsidized certain programs with grants and contributions (\$7.3 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased in fiscal year 2011 from approximately \$8.2 million to approximately \$8.6 million.

INDIVIDUAL MAJOR FUND ANALYSIS

As Buena Vista County completed the year, its governmental funds reported a combined fund balance of \$8,207,463, an increase of \$789,467 from FY'10's total of \$7,417,996.

- From FY'10 to FY'11, General Fund expenditures increased \$44,403, and revenues increased \$6,890.
- Mental Health Fund expenditures increased \$80,102 and revenues decreased \$73,586. The ending fund balance increased \$50,977.
- Rural Services Fund expenditures increased \$6,219, and revenues increased \$144,733. The ending fund balance increased \$144,835.
- Secondary Roads Fund expenditures increased \$269,476, and revenues increased \$157,953. The ending fund balance increased \$164,895.
- Debt Service Fund expenditures increased \$232,903 and revenues decreased \$176,262. The ending fund balance decreased \$56,291.

BUDGETARY HIGHLIGHTS

During FY'11, Buena Vista County amended its budget three times. The first amendment, approved November 16, 2010, included a Veterans Affairs allocation, FEMA reimbursement for conservation, miscellaneous revenue for Department of Human Services, insurance reimbursement, and sale of fixed assets (care facility). Expenses were increased for Conservation, Veterans Affairs, Department of Human Services, Tourism, Buildings and Grounds, and Recorder. Actual beginning and ending fund balances were also updated.

The second amendment was approved April 26, 2011, and included Public Health grants and carryover funds, election revenues, new law enforcement contract for Alta, Family Steps donations, and state tourism grant for historic sites brochure. Expenses were increased for Secondary Roads, Conservation, Sheriff, Jail, Public Health Community Services, Tourism, Auditor, and Recorder.

The third amendment, approved May 31, 2011 included additional operating transfers in for Recorder, LOST, and the court system. Expenses were increased for IT and transfers out.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, Buena Vista County had approximately \$31.73 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads, and bridges. This is a net increase (including additions and deletions) of approximately \$4,238,000, or 15.4 percent over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Land	\$ 861	\$ 828
Construction in progress	3,853	1,333
Buildings and improvements	7,466	7,440
Equipment and vehicles	7,744	7,414
Intangibles	198	198
Infrastructure	<u>11,606</u>	<u>10,277</u>
Total	<u>\$31,728</u>	<u>\$27,490</u>

The County had depreciation/amortization expense of \$811,122 in FY'11 and total accumulated depreciation/amortization of \$6,995,885 at June 30, 2011.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long Term Debt

The County's FY'11 statutory debt limit was 5% of the assessed valuation, or \$71,256,982. At June 30, 2011, Buena Vista County had \$6,690,000 in outstanding general obligation bonds, or 9.39% of capacity. The County has a current Standard & Poor's rating of A+.

Other obligations include accrued vacation pay and compensatory time, drainage district warrants, and other postemployment benefits. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

According to the U.S. Census Bureau, the 2010 population of Buena Vista County was estimated at 20,260 with an unemployment rate of 3.0% in 2010, compared to 3.6% for the state of Iowa. The most recent median household income adjusted for inflation was \$43,182 in 2010.

The FY'12 budget overall tax asking increased \$273,166. The Rural Basic tax asking increased \$84,265, and the Debt Service increased due to moving the dredge to Debt Service. The General Basic Levy remained at the \$3.50 limit. Total budgeted expenditures are up 7.0% and budgeted revenues are up 5.7%.

The total levy rate for FY'12 is 10.2441/thousand, down .09856 from FY'11. The countywide rate decreased .09856/thousand and the rural basic rate is unchanged.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Buena Vista County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Buena Vista County Auditor's Office, 215 E. 5th St., P.O. Box 220, Storm Lake, Iowa, 50588.

BUENA VISTA COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2011

Exhibit A

	<u>Governmental</u> <u>Activities</u>
<u>ASSETS</u>	
Cash and pooled investments	\$ 8,440,487
Receivables (net of allowances for uncollectibles):	
Property tax:	
Delinquent	47,710
Succeeding year	8,142,052
Interest and penalty on property tax	2,059
Accounts	101,266
Accrued interest	6,701
Drainage assessments	107,485
Due from other governments	565,837
Prepaid expenses	251,470
Land	861,171
Construction in progress	3,853,000
Capital assets (net of accumulated depreciation/amortization)	<u>20,018,170</u>
Total assets	<u>42,397,408</u>
<u>LIABILITIES</u>	
Accounts payable	600,567
Accrued interest payable	41,658
Salaries and benefits payable	154,160
Due to other governments	151,926
Deferred revenue:	
Succeeding year property tax	8,142,052
Other	12,101
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds and notes	815,000
Compensated absences	399,562
Portion due or payable after one year:	
General obligation bonds and notes	5,785,796
Drainage warrants/drainage improvement certificates payable	395,425
Net OPEB liability	<u>17,938</u>
Total liabilities	<u>16,516,185</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	20,717,208
Restricted for:	
Supplemental levy purposes	650,928
Mental health purposes	838,309
Rural services purposes	390,992
Secondary roads purposes	3,276,655
Debt service	35,047
Other purposes	1,046,394
Unrestricted (Note 17)	<u>(1,074,310)</u>
Total net assets	<u>\$ 25,881,223</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Exhibit B

Functions/Programs	Expenses	Charges for Service	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
			Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest	
Governmental activities:					
Public safety and legal services	\$ 2,568,256	\$ 257,025	\$ 154,219	\$ -	\$ (2,157,012)
Physical health and social services	1,144,492	335,917	388,032	-	(420,543)
Mental health	1,342,297	29,891	920,761	-	(391,645)
County environment and education	732,908	23,985	15,299	-	(693,624)
Roads and transportation	4,117,264	187,931	2,921,122	2,807,527	1,799,316
Governmental services to residents	700,840	371,809	12,125	-	(316,906)
Administration	1,561,617	64,019	1,282	-	(1,496,316)
Non-program	499,380	24,195	1,252	65,404	(408,529)
Interest on long-term debt	285,234	-	-	-	(285,234)
Total	<u>\$ 12,952,288</u>	<u>\$ 1,294,772</u>	<u>\$ 4,414,092</u>	<u>\$ 2,872,931</u>	<u>(4,370,493)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					6,968,728
Debt service					896,960
Penalty and interest on property tax					46,570
State tax credits					249,902
Local option sales tax					725,014
Grants and contributions not restricted to specific purposes					95,034
Unrestricted investment earnings					126,087
Miscellaneous					53,739
Total general revenues					<u>9,162,034</u>
Change in net assets					4,791,541
Net assets beginning of year					<u>21,089,682</u>
Net assets end of year					<u>\$ 25,881,223</u>

See notes to financial statements.

BUENA VISTA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

Exhibit C

	General	Special Revenue			Debt Service	Nonmajor	Total
		Mental Health	Rural Services	Secondary Roads			
<u>ASSETS</u>							
Cash and pooled investments	\$ 2,716,198	\$ 990,837	\$ 373,296	\$3,443,225	\$ 42,038	\$ 647,816	\$ 8,213,410
Receivables:							
Property tax:							
Delinquent	35,737	3,122	294	-	11,986	-	51,139
Succeeding year	5,073,205	448,401	1,689,794	-	930,651	-	8,142,051
Interest and penalty on property tax	176,679	-	-	-	-	-	176,679
Accounts	58,277	2,491	-	39,743	-	754	101,265
Accrued interest	6,279	-	-	-	-	44	6,323
Drainage assessments	-	-	-	-	-	107,485	107,485
Due from other governments	130,057	50,874	60,077	245,248	-	79,581	565,837
Prepaid expenses	98,785	3,269	1,875	61,536	-	-	165,465
Total assets	<u>\$ 8,295,217</u>	<u>\$1,498,994</u>	<u>\$ 2,125,336</u>	<u>\$3,789,752</u>	<u>\$ 984,675</u>	<u>\$ 835,680</u>	<u>\$17,529,654</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 50,542	\$ 62,890	\$ 53	\$ 354,401	\$ -	\$ 123,164	\$ 591,050
Interest payable	-	-	-	-	-	22,681	22,681
Salaries and benefits payable	85,263	7,916	8,301	52,680	-	-	154,160
Due to other governments	5,411	141,005	782	1,751	-	2,977	151,926
Deferred revenue:							
Succeeding year property tax	5,073,205	448,401	1,689,794	-	930,651	-	8,142,051
Other	212,416	3,122	10,180	22,619	11,986	-	260,323
Total liabilities	<u>5,426,837</u>	<u>663,334</u>	<u>1,709,110</u>	<u>431,451</u>	<u>942,637</u>	<u>148,822</u>	<u>9,322,191</u>
Fund balances:							
Nonspendable							
Prepaid expenses	98,785	3,269	1,875	61,536	-	-	165,465
Restricted for:							
Supplemental levy purposes	650,928	-	-	-	-	-	650,928
Mental health purposes	-	832,391	-	-	-	-	832,391
Rural services purposes	-	-	326,851	-	-	-	326,851
Secondary roads purposes	-	-	-	3,296,765	-	-	3,296,765
Debt service	-	-	-	-	42,038	-	42,038
Other purposes	-	-	-	-	-	680,834	680,834
Committed for:							
County trail system projects	262,500	-	87,500	-	-	-	350,000
Capital projects	284,396	-	-	-	-	-	284,396
Conservation environmental education program	1,795	-	-	-	-	-	1,795
Unassigned	1,569,976	-	-	-	-	6,024	1,576,000
Total fund balances	<u>2,868,380</u>	<u>835,660</u>	<u>416,226</u>	<u>3,358,301</u>	<u>42,038</u>	<u>686,858</u>	<u>8,207,463</u>
Total liabilities and fund balances	<u>\$ 8,295,217</u>	<u>\$1,498,994</u>	<u>\$ 2,125,336</u>	<u>\$3,789,752</u>	<u>\$ 984,675</u>	<u>\$ 835,680</u>	<u>\$17,529,654</u>

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Exhibit D

Total governmental fund balances	\$ 8,207,463
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$31,728,226 and the accumulated depreciation/amortization is \$6,995,885.	24,732,341
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	335,303
The allowance for uncollectible accounts receivable is not reported in the governmental funds.	(178,049)
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Assets.	216,860
Long-term liabilities, including notes payable, accrued interest payable on general obligation bonds and notes, compensated absences payable, other postemployment benefits payable, and drainage warrants payable are, not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(7,432,695)</u>
Net assets of governmental activities	<u>\$25,881,223</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

Exhibit E

		Special Revenue					
	General	Mental Health	Rural Services	Secondary Roads	Debt Service	Nonmajor	Total
Revenues:							
Property and other County tax	\$ 4,915,460	\$ 445,292	\$ 1,897,749	-	\$ 895,756	\$ 435,008	\$ 8,589,265
Interest and penalty on property tax	48,725	-	-	-	-	-	48,725
Intergovernmental	1,021,064	928,478	51,568	3,157,876	28,454	41,672	5,229,112
Licenses and permits	35,019	-	600	6,560	-	-	42,179
Charges for services	540,489	16,004	1,700	65,995	-	31,465	655,653
Use of money and property	109,376	-	-	-	-	12,329	121,705
Miscellaneous	33,563	-	10,099	29,442	-	71,337	144,441
Total revenues	<u>6,703,696</u>	<u>1,389,774</u>	<u>1,961,716</u>	<u>3,259,873</u>	<u>924,210</u>	<u>591,811</u>	<u>14,831,080</u>
Expenditures:							
Operating:							
Public safety and legal services	2,433,161	-	222,242	-	-	6,172	2,661,575
Physical health and social services	1,124,760	-	-	-	-	-	1,124,760
Mental health	-	1,338,797	-	-	-	-	1,338,797
County environment and education	331,165	-	329,175	4,389	-	-	664,729
Roads and transportation	4,994	-	-	3,767,690	-	-	3,772,684
Governmental services to residents	674,855	-	3,472	-	-	-	678,327
Administration	1,177,493	-	5,600	-	-	2,250	1,185,343
Non-program	8,990	-	-	-	-	402,213	411,203
Debt service	67,521	-	-	-	980,501	-	1,048,022
Capital projects	279,549	-	-	1,161,226	-	-	1,440,775
Total expenditures	<u>6,102,488</u>	<u>1,338,797</u>	<u>560,489</u>	<u>4,933,305</u>	<u>980,501</u>	<u>410,635</u>	<u>14,326,215</u>
Excess (deficiency) of revenues over expenditures	<u>601,208</u>	<u>50,977</u>	<u>1,401,227</u>	<u>(1,673,432)</u>	<u>(56,291)</u>	<u>181,176</u>	<u>504,865</u>
Other financing sources (uses):							
Sale of capital assets	59,930	-	-	200	-	-	60,130
Operating transfers in (out)	(135,023)	-	(1,256,392)	1,838,127	-	(446,712)	-
Drainage district warrants	-	-	-	-	-	224,472	224,472
Total other financing sources (uses)	<u>(75,093)</u>	<u>-</u>	<u>(1,256,392)</u>	<u>1,838,327</u>	<u>-</u>	<u>(222,240)</u>	<u>284,602</u>
Net change in fund balances	526,115	50,977	144,835	164,895	(56,291)	(41,064)	789,467
Fund balances, beginning of year	<u>2,342,265</u>	<u>784,683</u>	<u>271,391</u>	<u>3,193,406</u>	<u>98,329</u>	<u>727,922</u>	<u>7,417,996</u>
Fund balances, end of year	<u>\$ 2,868,380</u>	<u>\$ 835,660</u>	<u>\$ 416,226</u>	<u>\$ 3,358,301</u>	<u>\$ 42,038</u>	<u>\$ 686,858</u>	<u>\$ 8,207,463</u>

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Exhibit F

Net change in fund balances - Total governmental funds			\$ 789,467
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year as follows:			
Expenditures for capital assets	\$ 1,765,256		
Capital assets contributed by the Iowa Department of Transportation	2,573,859		
Depreciation/amortization expense	<u>(811,122)</u>	3,527,993	
In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.			(29,000)
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds as follows:			
Property tax	47,090		
Other	<u>(26,897)</u>	20,193	
The increase in the allowance for uncollectible accounts receivable is not reported in the fund financial statements.			(47,808)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues as follows:			
Repaid general obligation bonds	795,000		
Issued drainage district warrants	(270,182)		
Redeemed drainage district warrants	45,710		
Amortization of deferred charges	(5,723)		
Amortization of discount on long-term debt	<u>(6,679)</u>	558,126	
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:			
Compensated absences	(5,847)		
Other post employment benefits	(5,897)		
Interest on long-term debt	<u>2,876</u>	(8,868)	
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.			<u>(18,562)</u>
Change in net assets of governmental activities			<u>\$ 4,791,541</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

Exhibit G

	Internal Service Employee Group Health
<u>ASSETS</u>	
Cash and cash equivalents	\$ 227,077
Interest receivable	378
Prepaid expense	<u>86,005</u>
Total assets	<u>313,460</u>
 <u>LIABILITIES</u>	
Accounts payable	9,520
Deferred revenue	<u>87,080</u>
Total liabilities	<u>96,600</u>
 <u>NET ASSETS</u>	
Unrestricted	<u>\$ 216,860</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

Exhibit H

	Internal Service Employee <u>Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 827,416
Reimbursements from employees and others	<u>301,986</u>
Total operating revenues	1,129,402
Operating expenses:	
Medical claims and administrative fees	<u>1,152,345</u>
Operating loss	(22,943)
Non-operating revenues:	
Interest income	<u>4,383</u>
Net loss	(18,560)
Net assets beginning of year	<u>235,420</u>
Net assets end of year	<u>\$ 216,860</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

Exhibit I

	<u>Internal Service Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements and employees	\$ 1,132,230
Cash payments for medical claims and administrative fees	<u>(1,146,364)</u>
Net cash used for operating activities	(14,134)
Cash flows from investing activities:	
Interest on investments	<u>4,398</u>
Net decrease in cash and cash equivalents	(9,736)
Cash and cash equivalents, beginning of year	<u>236,813</u>
Cash and cash equivalents, end of year	<u>\$ 227,077</u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (22,943)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Increase in prepaid expense	(238)
Increase in accounts payable	6,220
Increase in deferred revenue	<u>2,827</u>
Net cash used for operating activities	<u>\$ (14,134)</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011

Exhibit J

ASSETS

Cash and pooled investments:

County Treasurer

\$ 1,601,083

Other County officials

95,529

Receivables:

Property tax:

Delinquent

417,371

Succeeding year

21,439,536

Accounts

33,681

Due from other governments

21,353

Total assets

23,608,553

LIABILITIES

Accounts payable

44,084

Salaries and benefits payable

831

Due to other governments

23,497,270

Trusts payable

66,368

Total liabilities

23,608,553

Net Assets

\$ -

See notes to financial statements.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(1) Summary of Significant Accounting Policies

Buena Vista County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Buena Vista County has included all funds, organizations, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Buena Vista County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two hundred forty-seven drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed, and supervised by the Buena Vista County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Buena Vista County Auditor's office.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Buena Vista County Assessor's Conference Board, Buena Vista County Joint Disaster Services Commission, Buena Vista County Empowerment Board, Buena Vista County Solid Waste Commission, Northwest Iowa Multi-county Regional Juvenile Detention Center, and Buena Vista County E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the main operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation - (Continued)

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds, and other revenues to be used for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments), and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(1) Summary of Significant Accounting Policies - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments, and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements, and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2009, assessed property valuations; is for the tax accrual period July 1, 2010, through June 30, 2011; and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable - Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are payable but not yet due.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Prepays - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in both the government-wide and fund financial statements on the consumption method.

Capital Assets - Capital assets, which include property, equipment and vehicles, intangibles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset life are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds, and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 65,000
Intangibles	50,000
Land, buildings, and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Building improvements	50
Infrastructure	65
Intangibles	8-10
Equipment	5-20
Vehicles	4-15

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of succeeding year property tax receivable, as well as delinquent property tax receivable not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and contributions from external customers in the Employee Group Health Fund.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws; or are imposed by law through constitutional provisions or enabling legislation.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Fund Equity –(Continued)

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

Net Assets - The net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2011, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value.

The County's investments at June 30, 2011, are as follows:

<u>Type</u>	<u>Fair Value</u>
Stamped drainage warrants	<u>\$ 464</u>

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$69,829 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk - The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(2) Cash and Pooled Investments - (Continued)

Credit risk - The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk - The County places no limit on the amount that may be invested in any one issuer.

(3) Landfill Agreement

The County participates in an agreement with Buena Vista County Solid Waste Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the county. Payments to that commission totaled \$188,682 during the year ended June 30, 2011.

The County has guaranteed closure and post-closure costs of the landfill as per Chapter 567-113.14(6f) of the Iowa Administrative Code. The total costs have been estimated at approximately \$25,240 and \$969,220, respectively as of June 30, 2011. The landfill was closed September 30, 2008. The Commission has begun to accumulate resources to fund these cost, and at June 30, 2011, assets of \$167,201 are restricted for this purpose.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011, is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 124,433
	Special Revenue:	
	Rural Services	1,256,392
	Local Option Secondary Roads	<u>457,302</u>
		1,838,127
Conservation Land		
Acquisition Trust	General	<u>10,590</u>
Total		<u>\$1,848,717</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 827,775	\$ 33,396	\$ -	\$ 861,171
Construction in progress	<u>1,332,975</u>	<u>3,772,619</u>	<u>1,252,594</u>	<u>3,853,000</u>
Total capital assets not being depreciated	<u>2,160,750</u>	<u>3,806,015</u>	<u>1,252,594</u>	<u>4,714,171</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(5) Capital Assets - (Continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets being depreciated/amortized:				
Buildings	\$ 7,440,074	\$ 25,870	\$ -	\$ 7,465,944
Equipment and vehicles	7,414,292	430,121	100,289	7,744,124
Intangibles	197,775	-	-	197,775
Infrastructure, road network	10,276,509	1,329,703	-	11,606,212
Total capital assets being depreciated/amortized	25,328,650	1,785,694	100,289	27,014,055
Less accumulated depreciation/amortization for:				
Buildings	1,281,325	115,106	-	1,396,431
Equipment and vehicles	3,537,704	350,370	71,289	3,816,785
Intangibles	82,841	19,013	-	101,854
Infrastructure, road network	1,354,182	326,633	-	1,680,815
Total accumulated depreciation/amortization	6,256,052	811,122	71,289	6,995,885
Total capital assets being depreciated/amortized, net	19,072,598	974,572	29,000	20,018,170
Governmental activities capital assets, net	\$ 21,233,348	\$ 4,780,587	\$ 1,281,594	\$ 24,732,341

Depreciation/amortization expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 115,558
Physical health and social services	14,024
Mental health	2,577
County environment and education	63,797
Roads and transportation	548,544
Governmental services to residents	14,252
Administration	52,370
Total depreciation/amortization expense-governmental activities	\$ 811,122

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 5,411
Special Revenue:		
County Recorder's Records Management	Services	\$ 2,977
Rural Services		782
Secondary Roads		1,751
Mental Health		141,005
Total for governmental funds		\$ 151,926
Agency:		
County Assessor	Collections	\$ 1,021,104
Auto License and Use Tax		446,606

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(6) Due to Other Governments - (Continued)

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Agency (Continued):		
Community Colleges	Collections	\$ 802,944
Corporations		5,662,850
Schools		14,317,949
All other		<u>1,245,817</u>
Total for agency funds		<u>\$23,497,270</u>

(7) Special Revenue - Due From Other Governments

Included in this balance is \$9,886 which represents an unsecured promissory note due from the Buena Vista County Solid Waste Commission. This interest-free loan is due in annual installments of \$4,700 due August 1 each year until August 1, 2012, when the remaining principal balance shall be paid in full.

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011, is as follows:

	<u>Balance, Beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, end of year</u>	<u>Due within one year</u>
Drainage warrants/improvement certificates/drainage district deficit balances	\$ 170,953	\$ 270,182	\$ 45,710	\$ 395,425	\$ -
General obligation bonds	7,503,414	-	813,414	6,690,000	815,000
Deferred charges on refinanced debt	(40,059)	5,723	-	(34,336)	-
Bond discount on LEC bonds	(55,393)	3,468	-	(51,925)	-
Bond discount on general obligation bonds	(6,154)	3,211	-	(2,943)	-
Compensated absences	393,715	5,847	-	399,562	399,562
Net OPEB liability	12,041	5,897	-	17,938	-
Total	<u>\$7,978,517</u>	<u>\$ 294,328</u>	<u>\$ 859,124</u>	<u>\$7,413,721</u>	<u>\$1,214,562</u>

A. Bonds Payable

A summary of the County's June 30, 2011, general obligation bonded indebtedness is as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	.90-4.15%	\$ 815,000	\$ 227,731	\$ 1,042,731
2013	1.25-4.20	670,000	212,360	882,360
2014	1.70-4.25	610,000	198,086	808,086
2015	2.05-4.30	630,000	182,487	812,487
2016	2.40-4.35	650,000	164,735	814,735
2017-2021	2.70-4.60	1,715,000	567,684	2,282,684
2022-2026	4.63-4.80	<u>1,600,000</u>	<u>234,549</u>	<u>1,834,549</u>
Total		<u>\$ 6,690,000</u>	<u>\$ 1,787,632</u>	<u>\$ 8,477,632</u>

During the year ended June 30, 2011, the County retired \$813,414 of general obligation debt.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(8) Long-Term Liabilities - (Continued)

A. Drainage Warrants/Drainage Improvement Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest is paid to the bearer of the certificate upon receipt of the installment payment, plus interest, from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue, Drainage Districts Fund solely from drainage assessments against benefited properties.

(9) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009, were \$378,605, \$353,847, and \$324,831, respectively, equal to the required contributions for each year.

(10) Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single-employer health benefit plan which provides medical, prescription drug, and dental benefits for employees, retirees, and their spouses. There are 116 active and 2 retired members in the plan. Retired participants must meet IPERS normal retirement age. Benefits cease upon attaining age 65. The plan does not issue a stand-alone financial report.

The medical, prescription drug, dental, and vision coverage, which is a medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(10) Other Postemployment Benefits (OPEB) – (continued)

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. Retirees pay the full premium. The current funding policy of the County is to pay health claims as they occur. The required contribution is based on projected pay-as-you go financing. For fiscal year 2010, the County contributed \$486. Retirees receiving benefits have required monthly contributions of:

<u>Plan</u>	<u>Single</u>	<u>Family</u>
Health and Prescription Drug Plan #1	\$ 441	\$ 1,129
Health and Prescription Drug Plan #2	433	1,101
Dental	29	66
Vision	11	28

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 6,548
Interest on net OPEB obligation	542
Adjustment to annual required contribution	<u>(707)</u>
Annual OPEB cost	6,383
Contributions made	<u>(486)</u>
Increase in net OPEB obligation	5,897
Net OPEB obligation beginning of year	<u>12,041</u>
Net OPEB obligation end of year	<u>\$ 17,938</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2011 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 6,465	7.52%	\$ 12,041
June 30, 2011	\$ 6,383	7.61%	\$ 17,938

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$38,918, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$38,918. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,467,074 and the ratio of the UAAL to covered payroll was 8.71%. As of June 30, 2011, there were no trust fund assets.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(10) Other Postemployment Benefits (OPEB) – (continued)

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based on 10% for actives currently electing coverage.

Projected claim costs of the medical plans #1 and #2 are \$701 and \$685, respectively, per month for retirees less than age 65. The salary increase rate was assumed to be 2.5% per year. Assumptions also include a 3% growth in payroll per annum. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

(11) Risk Management

Buena Vista County is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County assumes liability for any deductibles and claims in excess of coverage limitations.

(12) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2011, was \$827,416.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(12) Employee Health Insurance Plan— (continued)

Amounts payable from the Employee Group Health Fund at June 30, 2011, total \$9,520, which is for reported but not paid claims. The reserve for catastrophic losses was \$216,860 at June 30, 2011, and is reported as a designation of the Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2010	\$ 3,300
Incurred claims	1,152,584
Payment on claims during the fiscal year	<u>1,146,364</u>
Unpaid claims at June 30, 2011	<u>\$ 9,520</u>

(13) Jointly Governed Organization

Buena Vista County participates in a 3-County Empowerment Board, which includes Crawford, Sac, and Buena Vista counties. This Board is a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an agency fund due to the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2011:

Additions:

Contributions from governmental units:

Family Steps state funding	\$ 543,193	
TANF grant	<u>104,492</u>	\$ 647,685
Interest income		<u>4,098</u>
Total additions		651,783

Deductions:

Administration	71,538	
Home management services	329,879	
Preschool expansion project	96,162	
Childcare specialist	131,517	
Transportation	4,342	
Professional development	6,053	
Oral health	<u>8,658</u>	<u>648,149</u>
Net		3,634
Balance beginning of year		<u>151,941</u>
Balance end of year		<u>\$ 155,575</u>

(14) Juvenile Detention Center

The County participates in the Northwest Iowa Multi-county Regional Juvenile Detention Center, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Center is to establish and maintain a juvenile detention facility and related services. The Center does not determine capital allocations of the equity interest for individual participating jurisdictions. The Center issues separate financial statements on the accrual basis, and the transactions of the Center are not included in the financial statements of the County.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(14) Juvenile Detention Center— (continued)

The Center's activity for the fiscal year ending June 30, 2010, which is the latest information available, is summarized as follows:

Net assets, beginning of year	\$ 398,023
Revenues	967,951
Expenses	<u>1,015,963</u>
Net assets, end of year	<u>\$ 350,011</u>

The financial statements of the center are available at the Center's administrative office in Cherokee, Iowa.

(15) Commitments

The County has entered into the following contracts which were not completed as of June 30, 2011:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Costs Incurred As of 6-30-11</u>	<u>Remaining Commitment As of 6-30-11</u>
Roadway paving	\$ 770,162	\$ 629,640	\$ 140,522
Concrete for secondary roads building	95,000	-	95,000
Project L-C-1027-73-11; Culverts	118,139	47,394	70,745
Bridge construction	<u>245,038</u>	<u>238,321</u>	<u>6,717</u>
	<u>\$ 1,228,339</u>	<u>\$ 915,355</u>	<u>\$ 312,984</u>

The balance remaining at June 30, 2011, will be paid as work on the projects progresses.

(16) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(17) Unrestricted Net Assets

As a result of debt which the County has issued for other governmental entities, the unrestricted net assets is a deficit balance of \$1,074,310 at June 30, 2011. If not for the remaining balance on the debt issued for the hospital, the unrestricted net assets at June 30, 2011, would reflect a surplus of \$1,511,354.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(18) Leases

The Human Services Department leases a copy machine. Rental expense incurred for this lease was \$2,958 for the year ended June 30, 2011. Remaining minimum amounts payable under the operating lease are \$2,958 for the year ending June 30, 2012.

The County has also entered into a lease agreement with Plains Area Mental Health for rental office space. This cash lease arrangement is at a rate of \$1,012.50 per month, which shall be reviewed annually. The County will also pay Plains Area Mental Health for 30% of utilities, janitorial services, snow removal and garbage pick-up. This agreement commenced on April 1, 2010 and will end on October 31, 2014.

(19) Subsequent Event

The County has issued \$3,580,000 of general obligation refunding capital loan notes dated September 1, 2011. The proceeds were used to pay costs of refunding the existing general obligation indebtedness of the County.

(20) Contingencies

The County is involved in several lawsuits in the course of operations. The outcome of the lawsuits is not presently determinable and an estimate of possible losses cannot be made.

REQUIRED SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY
 BUDGETARY COMPARISON
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN BALANCES – BUDGET
 AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2011

		Less Funds Not Required to be		Budgeted Amounts		Final to Net
	Actual	Budgeted	Net	Original	Final	Variance
Receipts:						
Property and other County tax	\$8,657,827	\$ -	\$8,657,827	\$8,467,527	\$8,467,527	\$ 190,300
Interest and penalty on property tax	48,725	-	48,725	42,200	42,200	6,525
Intergovernmental	5,363,938	-	5,363,938	4,685,968	4,840,730	523,208
Licenses and permits	44,661	-	44,661	39,761	39,761	4,900
Charges for service	654,090	-	654,090	567,740	567,740	86,350
Use of money and property	123,224	-	123,224	133,049	133,049	(9,825)
Miscellaneous	152,177	59,778	92,399	88,800	94,875	(2,476)
Total receipts	15,044,642	59,778	14,984,864	14,025,045	14,185,882	798,982
Disbursements:						
Public safety and legal services	2,658,857	-	2,658,857	2,695,749	2,825,521	166,664
Physical health and social services	1,130,041	-	1,130,041	1,214,399	1,299,867	169,826
Mental health	1,267,437	-	1,267,437	1,587,334	1,587,334	319,897
County environment and education	668,824	-	668,824	698,559	701,387	32,563
Roads and transportation	3,779,119	-	3,779,119	4,258,750	4,258,750	479,631
Governmental services to residents	637,084	-	637,084	630,209	645,090	8,006
Administration	1,221,623	-	1,221,623	1,260,196	1,272,271	50,648
Non-program	286,413	277,233	9,180	25,740	25,740	16,560
Debt Service	1,048,021	-	1,048,021	1,052,300	1,052,300	4,279
Capital projects	1,476,837	-	1,476,837	1,409,616	2,117,916	641,079
Total disbursements	14,174,256	277,233	13,897,023	14,832,852	15,786,176	1,889,153
Excess (deficiency) of receipts over disbursements	870,386	(217,455)	1,087,841	(807,807)	(1,600,294)	2,688,135
Other financing sources, net	284,402	224,472	59,930	500	52,907	7,023
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,154,788	7,017	1,147,771	(807,307)	(1,547,387)	2,695,158
Balance beginning of year	7,058,622	83,389	6,975,233	5,171,258	6,975,233	-
Balance end of year	\$8,213,410	\$ 90,406	\$8,123,004	\$4,363,951	\$5,427,846	\$2,695,158

See accompanying independent auditor's report.

BUENA VISTA COUNTY
BUDGETARY COMPARISON SCHEDULE-BUDGET
TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

	<u>Governmental Funds</u>		
	<u>Cash</u> <u>Basis</u>	<u>Accrual</u> <u>Adjustments</u>	<u>Modified</u> <u>Accrual</u> <u>Basis</u>
Revenues	\$15,044,642	\$ (213,562)	\$14,831,080
Expenditures	<u>14,174,256</u>	<u>151,959</u>	<u>14,326,215</u>
Net	870,386	(365,521)	504,865
Other financing sources, net	284,402	200	284,602
Beginning fund balances	<u>7,058,622</u>	<u>359,374</u>	<u>7,417,996</u>
Ending fund balances	<u>\$ 8,213,410</u>	<u>\$ (5,947)</u>	<u>\$ 8,207,463</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – BUDGETARY REPORTING
JUNE 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund, and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service, and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$953,324. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the E911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.

Included in the funds not required to be budgeted are the drainage districts.

BUENA VISTA COUNTY
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
		(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
2009	July 1, 2008	-	\$38,918	\$ 38,918	0.00%	\$4,210,646	0.92%
2010	July 1, 2008	-	\$38,918	\$ 38,918	0.00%	\$4,336,965	0.90%
2011	July 1, 2008	-	\$38,918	\$ 38,918	0.00%	\$4,467,074	0.87%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, and funded status and funding progress.

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

Schedule 1

	Special Revenue								
	Local Option Secondary Roads	County Recorder's Records Management	Resource Enhancement and Protection	Jail Security Fund	Drainage Districts	Conservation Land Acquisition	Newell Cemetery Trust	Capital Projects	Total
<u>ASSETS</u>									
Cash and pooled investments	\$ 294,154	\$ 13,091	\$ 71,068	\$ 70,248	\$ 90,406	\$ 100,865	\$ 1,966	\$ 6,018	\$ 647,816
Receivables:									
Accounts	-	698	-	-	-	56	-	-	754
Accrued interest	-	8	29	-	-	-	1	6	44
Drainage assessments	-	-	-	-	107,485	-	-	-	107,485
Due from other governments	75,285	-	-	4,296	-	-	-	-	79,581
Total assets	<u>\$ 369,439</u>	<u>\$ 13,797</u>	<u>\$ 71,097</u>	<u>\$ 74,544</u>	<u>\$ 197,891</u>	<u>\$ 100,921</u>	<u>\$ 1,967</u>	<u>\$ 6,024</u>	<u>\$ 835,680</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ 1,184	\$ 121,879	\$ 101	\$ -	\$ -	\$ 123,164
Interest payable	-	-	-	-	22,681	-	-	-	22,681
Due to other governments	-	2,977	-	-	-	-	-	-	2,977
Total liabilities	<u>-</u>	<u>2,977</u>	<u>-</u>	<u>1,184</u>	<u>144,560</u>	<u>101</u>	<u>-</u>	<u>-</u>	<u>148,822</u>
Fund balances:									
Restricted	369,439	10,820	71,097	73,360	53,331	100,820	1,967	-	680,834
Unassigned	-	-	-	-	-	-	-	6,024	6,024
Total fund balances	<u>369,439</u>	<u>10,820</u>	<u>71,097</u>	<u>73,360</u>	<u>53,331</u>	<u>100,820</u>	<u>1,967</u>	<u>6,024</u>	<u>686,858</u>
Total liabilities and fund balances	<u>\$ 369,439</u>	<u>\$ 13,797</u>	<u>\$ 71,097</u>	<u>\$ 74,544</u>	<u>\$ 197,891</u>	<u>\$ 100,921</u>	<u>\$ 1,967</u>	<u>\$ 6,024</u>	<u>\$ 835,680</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2011

Schedule 2

Special Revenue

	Local Option Secondary Roads	County Recorder's Records Management	Resource Enhancement and Protection	Jail Security Fund	Drainage Districts	Conservation Land Acquisition	Newell Cemetery Trust	Capital Projects	Total
Revenues:									
Property and other County tax	\$ 435,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 435,008
Intergovernmental	-	-	9,149	-	-	32,523	-	-	41,672
Charges for services	-	3,691	-	19,378	-	8,396	-	-	31,465
Use of money and property	-	118	432	-	-	11,626	10	143	12,329
Miscellaneous	-	-	-	10,307	59,778	1,252	-	-	71,337
Total revenues	<u>435,008</u>	<u>3,809</u>	<u>9,581</u>	<u>29,685</u>	<u>59,778</u>	<u>53,797</u>	<u>10</u>	<u>143</u>	<u>591,811</u>
Expenditures:									
Operating:									
Public safety and legal services	-	-	-	6,172	-	-	-	-	6,172
Administration	-	-	-	2,250	-	-	-	-	2,250
Non-program	-	6,978	-	-	295,636	99,599	-	-	402,213
Total expenditures	<u>-</u>	<u>6,978</u>	<u>-</u>	<u>8,422</u>	<u>295,636</u>	<u>99,599</u>	<u>-</u>	<u>-</u>	<u>410,635</u>
Excess (deficiency) of revenues over expenditures	<u>435,008</u>	<u>(3,169)</u>	<u>9,581</u>	<u>21,263</u>	<u>(235,858)</u>	<u>(45,802)</u>	<u>10</u>	<u>143</u>	<u>181,176</u>
Other financing sources (uses):									
Operating transfers in (out)	(457,302)	-	-	-	-	10,590	-	-	(446,712)
Drainage district warrants issued	-	-	-	-	224,472	-	-	-	224,472
Total other financing sources (uses)	<u>(457,302)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,472</u>	<u>10,590</u>	<u>-</u>	<u>-</u>	<u>(222,240)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(22,294)</u>	<u>(3,169)</u>	<u>9,581</u>	<u>21,263</u>	<u>(11,386)</u>	<u>(35,212)</u>	<u>10</u>	<u>143</u>	<u>(41,064)</u>
Fund balances beginning of year	<u>391,733</u>	<u>13,989</u>	<u>61,516</u>	<u>52,097</u>	<u>64,717</u>	<u>136,032</u>	<u>1,957</u>	<u>5,881</u>	<u>727,922</u>
Fund balances end of year	<u>\$ 369,439</u>	<u>\$ 10,820</u>	<u>\$ 71,097</u>	<u>\$ 73,360</u>	<u>\$ 53,331</u>	<u>\$ 100,820</u>	<u>\$ 1,967</u>	<u>\$ 6,024</u>	<u>\$ 686,858</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
JUNE 30, 2011

Schedule 3

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
<u>ASSETS</u>										
Cash and pooled investments:										
County Treasurer	\$ -	\$ 2,088	\$ 640,596	\$ 152,785	\$ 9,321	\$ 71,521	\$ 2,455	\$ 446,606	\$ 275,711	\$ 1,601,083
Other County officials	95,529	-	-	-	-	-	-	-	-	95,529
Receivables:										
Property tax:										
Delinquent	-	1,185	2,657	112,714	6,576	290,666	75	-	3,498	417,371
Succeeding year	-	170,235	381,623	14,052,450	787,047	5,300,663	303,383	-	444,135	21,439,536
Accounts	7,137	-	175	-	-	-	-	-	26,369	33,681
Special assessments	-	-	-	-	-	-	-	-	21,353	21,353
Total assets	<u>\$ 102,666</u>	<u>\$ 173,508</u>	<u>\$ 1,025,051</u>	<u>\$ 14,317,949</u>	<u>\$ 802,944</u>	<u>\$ 5,662,850</u>	<u>\$ 305,913</u>	<u>\$ 446,606</u>	<u>\$ 771,066</u>	<u>\$ 23,608,553</u>
<u>LIABILITIES</u>										
Accounts payable	\$ -	\$ -	\$ 3,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,968	\$ 44,084
Salaries & benefits payable	-	-	831	-	-	-	-	-	-	831
Due to other governments	39,402	173,508	1,021,104	14,317,949	802,944	5,662,850	305,913	446,606	726,994	23,497,270
Trusts payable	63,264	-	-	-	-	-	-	-	3,104	66,368
Total liabilities	<u>\$ 102,666</u>	<u>\$ 173,508</u>	<u>\$ 1,025,051</u>	<u>\$ 14,317,949</u>	<u>\$ 802,944</u>	<u>\$ 5,662,850</u>	<u>\$ 305,913</u>	<u>\$ 446,606</u>	<u>\$ 771,066</u>	<u>\$ 23,608,553</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2011

Schedule 4

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
<u>ASSETS AND LIABILITIES</u>										
Balances beginning of year	\$ 96,639	\$ 192,685	\$ 1,074,239	\$ 13,692,949	\$ 855,809	\$ 5,423,091	\$ 296,524	\$ 445,265	\$ 792,601	\$ 22,869,802
Additions:										
Property and other county tax	-	169,464	378,702	14,008,542	786,783	5,253,766	303,126	-	442,917	21,343,300
E911 surcharge	-	-	-	-	-	-	-	-	140,832	140,832
State tax credits	-	6,079	17,334	428,326	27,030	154,736	9,046	-	13,219	655,770
Office fees and collections	508,146	-	2,878	-	-	-	-	-	74,283	585,307
Auto licenses, use tax, and postage	-	-	-	-	-	-	-	5,547,576	-	5,547,576
Assessments	-	-	-	-	-	-	-	-	8,501	8,501
Trusts	573,669	-	-	-	-	-	-	-	660,058	1,233,727
Total additions	1,081,815	175,543	398,914	14,436,868	813,813	5,408,502	312,172	5,547,576	1,339,810	29,515,013
Deductions:										
Agency remittances:										
To other governments	509,630	194,720	448,102	13,811,868	866,678	5,168,743	302,783	5,546,235	670,215	27,518,974
Trusts paid out	566,158	-	-	-	-	-	-	-	691,130	1,257,288
Total deductions	1,075,788	194,720	448,102	13,811,868	866,678	5,168,743	302,783	5,546,235	1,361,345	28,776,262
Balances end of year	\$ 102,666	\$ 173,508	\$ 1,025,051	\$ 14,317,949	\$ 802,944	\$ 5,662,850	\$ 305,913	\$ 446,606	\$ 771,066	\$ 23,608,553

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY
FUNCTION – ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

Schedule 5

	Modified Accrual Basis									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Property and other County tax	\$ 8,589,265	\$ 8,581,521	\$ 7,837,830	\$ 7,065,977	\$ 6,648,612	\$ 6,577,364	\$ 6,388,682	\$ 6,136,029	\$ 4,697,645	\$ 4,337,449
Interest and penalty on property tax	48,725	46,597	49,207	40,523	43,470	46,464	34,702	39,269	31,434	29,995
Intergovernmental	5,229,112	5,144,423	4,646,265	5,074,654	4,998,520	5,072,950	6,021,929	5,401,544	4,388,110	4,382,573
Licenses and permits	42,179	60,668	44,644	51,864	29,037	27,696	32,782	27,954	26,003	26,467
Charges for service	655,653	628,387	720,600	624,766	600,836	625,239	673,495	586,418	503,889	441,771
Use of money and property	121,705	125,632	158,506	243,620	430,698	240,451	151,098	129,839	154,053	220,720
Miscellaneous	144,441	515,737	77,085	289,421	235,095	499,302	367,317	197,088	128,306	59,039
Total	<u>\$14,831,080</u>	<u>\$15,102,965</u>	<u>\$13,534,137</u>	<u>\$13,390,825</u>	<u>\$12,986,268</u>	<u>\$13,089,466</u>	<u>\$13,670,005</u>	<u>\$12,518,141</u>	<u>\$ 9,929,440</u>	<u>\$ 9,498,014</u>
Expenditures:										
Operating:										
Public safety and legal services	\$ 2,661,575	\$ 2,430,820	\$ 2,411,483	\$ 2,416,715	\$ 2,208,090	\$ 2,130,132	\$ 1,916,398	\$ 1,891,622	\$ 1,789,460	\$ 1,648,975
Physical health and social services	1,124,760	1,198,245	1,130,674	1,125,268	1,056,604	987,561	1,022,394	1,081,819	1,167,713	1,063,282
Mental health	1,338,797	1,258,695	1,379,923	1,428,879	1,496,631	1,407,028	1,255,061	1,170,050	1,126,253	1,236,325
County environment and education	664,729	635,694	625,020	609,120	607,830	642,349	493,960	460,508	471,973	467,927
Roads and transportation	3,772,684	3,771,775	4,319,136	3,170,235	3,622,293	4,492,826	3,051,873	3,298,592	2,725,349	2,654,654
Governmental services to residents	678,327	612,565	607,382	551,839	512,159	488,654	452,522	436,248	345,670	301,108
Administration	1,185,343	1,236,579	1,154,125	1,141,424	1,047,527	1,019,714	979,435	963,822	1,009,896	925,179
Non-program	411,203	203,259	149,299	564,050	1,961,898	1,151,855	2,138,420	1,158,653	213,401	85,869
Debt service	1,048,022	1,010,945	1,291,446	1,157,644	1,051,170	858,289	1,265,592	881,621	693,761	697,150
Capital projects	1,440,775	1,129,049	682,924	1,214,030	4,393,109	710,072	257,978	332,071	1,846,546	633,988
Total	<u>\$14,326,215</u>	<u>\$13,487,626</u>	<u>\$13,751,412</u>	<u>\$13,379,204</u>	<u>\$17,957,311</u>	<u>\$13,888,480</u>	<u>\$12,833,633</u>	<u>\$11,675,006</u>	<u>\$11,390,022</u>	<u>\$ 9,714,457</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

Schedule 6

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Federal Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 12,903
Natural Resources Conservation Service			
Watershed Protection and Flood Prevention	10.904		22,000
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C011-(84)-8J-11	190,657
U.S. Department of Education:			
Iowa Department of Transportation:			
ARRA-State Fiscal Stabilization Fund-Government Service, Recovery Act	84.397A		28,026
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistant	93.566		8
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,142
Foster Care - Title IV-E	93.658		5,109
Adoption Assistance	93.659		1,236
Social Services Block Grant	93.667		4,400
Children's Health Insurance Program	93.767		58
Medical Assistance Program	93.778		12,354
Child Care and Development Block Grant	93.575		113,815
Social Services Block Grant-CPC	93.667		82,955
			<u>223,077</u>
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT11	18,175
Public Health Emergency Preparedness	93.069	5881BT311	24,187
Immunization Grants	93.268	5881I409	6,051
ARRA - Child Care and Development Block Grant	93.713		25,587
			<u>74,000</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA1977DRIA	97,813
Hazard Mitigation Grant	97.039		2,616
Emergency Management Performance Grants	97.042		26,811
			<u>127,240</u>
Total			<u>\$ 677,903</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

(1) Basis of Presentation

The accompanying schedule of expenditures of the federal awards includes the federal grant activity of Buena Vista County, Iowa for the year ended June 30, 2011. All federal financial assistance passed through other government agencies expended during the year is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

(2) Significant Accounting Policies

Revenue from federal awards is recognized when the County has done everything necessary to establish its right to revenue. For government funds, revenue from federal grant is recognized when they become both measurable and available. Expenditures allowable in accordance with the grant agreement are recognized when they become a demand on current available financial resources.

(3) Subrecipients

Of the federal expenditures presented in the schedule, Buena Vista County, Iowa provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Award Provided to Subrecipients</u>
Child Care and Development Block Grant	93.575	\$ 108,867

(4) Program Clusters

The County reported the following programs as a cluster in the schedule:

Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund, and ARRA-Child Care and Development Block Grant as part of the Child Care Development Fund Cluster.

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
RICHARD R. MOORE, C.P.A.
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W.J. HUNZELMAN, C.P.A. 1921-1997

1100 WEST MILWAUKEE
STORM LAKE, IOWA 50588
712-732-3653
FAX 712-732-3662
info@hpcocpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Buena Vista County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 21, 2012. Our report on the financial statements was adverse because the materials and supplies inventory was not included. Except as discussed in the preceding sentence, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buena Vista County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Buena Vista County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Buena Vista County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies, or material weakness have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Buena Vista County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings as items II-(A-D)-11 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings as items II-E-11 and II-F-11 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buena Vista County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain instances of noncompliance or other matters which are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Buena Vista County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Buena Vista County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Buena Vista County and other parties to whom Buena Vista County may report, including federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

February 21, 2012

Hungelman, Pitzner & Co.

HUNZELMAN, PUTZIER & CO., PLC
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1100 WEST MILWAUKEE
STORM LAKE, IOWA 50588
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FAX 712-732-3662
info@hpcocpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Officials of Buena Vista County:

Compliance

We have audited Buena Vista County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Buena Vista County, Iowa's major federal programs are identified in Part I of the accompanying *Schedule of Findings*. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of Buena Vista County, Iowa's management. Our responsibility is to express an opinion on Buena Vista County, Iowa's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buena Vista County, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Buena Vista County, Iowa's compliance with those requirements.

In our opinion, Buena Vista County, Iowa complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Buena Vista County, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered Buena Vista County, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Buena Vista County, Iowa's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the Board of Supervisors, management, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

February 21, 2012

Hungelman, Putzja : w.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) An adverse opinion was issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies or material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 20.205 Highway Planning and Construction
 - CFDA Number 93.575 Child Care & Development Block Grant
 - CFDA Number 93.596 Child Care Mandatory & Matching Funds of the Child Care & Development Fund
 - CFDA Number 93.713 ARRA-Child Care & Development Block Grant
 - CFDA Number 10.904 Watershed Protection & Flood Prevention
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Buena Vista County did not qualify as a low-risk auditee.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

- II-A-11 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in an office may have control over areas for which no compensating controls exist.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions reconciliations, and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review. Following are controls which should be implemented whenever possible:

1. All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.
2. Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.
3. Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants, or approve vouchers for payment.

Response - To the degree possible in the various departments, incoming mail is opened, and checks and cash listed, by a person not authorized to make accounting entries. Checks and cash are then turned over to accounting personnel for processing. The list of checks and cash is later reconciled with cash receipt records.

To the degree possible in each department, bank accounts are reconciled promptly by a staff person who is not authorized to sign checks.

To the degree possible in the departments, the following responsibilities are segregated: approval of supporting documentation of claims submitted, preparing and recording of disbursements, reviewing of warrant with original claim documentation, and handling of petty cash.

Conclusion - Response accepted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

Part II: Findings Related to the Financial Statements: - (Continued)

INTERNAL CONTROL DEFICIENCIES - (Continued)

- II-B-11 Materials and Supplies Inventory - The financial statements do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds. The amounts of such inventories are not determinable because no count has been taken by the County.

Recommendation - The County should make appropriate counts of materials and supplies inventory on hand at June 30 each year and determine the cost to be included in the annual financial statements in order to conform with generally accepted accounting principles. The annual count should be coordinated with the independent auditors who will need to observe the inventory counting procedures.

Response - At the current time sufficient resources are not available to perform this inventory on June 30. However, an annual inventory is taken at another time during the fiscal year for management purposes. The Board of Supervisors has determined that this inventory is satisfactory for management's need, and that the cost of changing to a June 30 inventory exceeds the benefit to be gained.

Conclusion - Response accepted.

- II-C-11 Financial Reporting - We noted that while management is capable of preparing accurate financial statements that provide information sufficient to make management decisions, reporting financial data reliably in accordance with generally accepted accounting principles (GAAP) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Recommendation - Obtaining additional GAAP knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in the ability to prepare and take responsibility for reliable GAAP financial statements.

Response - Management has addressed this control risk by engaging you (our independent CPA) to prepare the financial statements, has appointed persons with sufficient knowledge to evaluate your preparation of the financial statements, and has reviewed and accepted the financial statements as you have prepared them. Outside preparation of the financial statements is more cost effective than preparing them in-house.

Conclusion - Response accepted.

- II-D-11 Disbursements Documentation - There were several credit card charges in the County Extension office which were not supported by proper documentation.

Recommendation - All charges should be supported by original documentation which clearly indicates the date and purpose of the disbursement, and all invoices paid should be cancelled to prevent reuse.

Response - Management will discuss credit card policies with all Department Heads. Supervisors will deny all claims submitted without the proper documentation. All invoices paid will be cancelled to prevent reuse.

Conclusion - Response accepted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

Part II: Findings Related to the Financial Statements: - (Continued)

INTERNAL CONTROL DEFICIENCIES - (Continued)

- II-E-11 Carryover of Compensatory Hours – Unused compensatory time for four employees appears to be in excess of established policies as of June 30, 2011.

Recommendation – Unused compensatory hours should be monitored closely to determine that it is within County policy and legal guidelines.

Response – The Building/Grounds Superintendent became an exempt employee as of July 1, 2011, and was paid out for his comp hours during fiscal year 2012. The I.T., Auditor, and Sheriff's Department have submitted plans to reduce their compensatory time.

Conclusion – Response accepted.

- II-F-11 Vacation Carryover– Two secondary road employees had unused vacation time in excess of established policies as of June 30, 2011. Although the County's policy allows the carryover of vacation with department head approval, this amount results in a current liability which may become a substantial payment at a future date.

Recommendation – To avoid a possible substantial payment in the future, the Board should consider eliminating some of this carryover through payments or paid time off.

Response – The Secondary Road employees that had excess vacation time were both saving it to use for a special event during the summer of 2011.

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting:

- III-A-11 Certified Budget - Disbursements during the year ended June 30, 2011, did not exceed the amounts budgeted.
- III-B-11 Questionable Expenditures - No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-11 Travel Expense - No expenditures of County money for travel expense of spouses of County officials or employees were noted.
- III-D-11 Business Transactions - No business transactions between the County and County officials or employees were noted.
- III-E-11 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

Part III: Other Findings Related to Required Statutory Reporting: - (Continued)

- III-F-11 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not. However, the published minutes did not contain a list of claims and the purpose as required by Chapter 349.18 of the Code of Iowa and several Attorney General's opinions.

Recommendation - Published minutes should contain a list of all approved claims and the purpose of the claim, and should be submitted to be published within one week following the adjournment of the Board.

Response - Since we do not receive inquiries about this information, and in an attempt to manage the cost of publication, the Board of Supervisors has directed that a list of the claims paid should be published quarterly including the vendor and amount. More complete information is available by request.

Conclusion - Response accepted.

- III-G-11 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

- III-H-11 Resource Enhancement and Protection Certification - The County did not dedicate property tax revenue to conservation purposes sufficient to meet the requirements of Chapter 455 A.19(1)(b) of the Code of Iowa in order to receive additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- III-I-11 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B. Disbursements during the year ended June 30, 2011, for the County Extension Office did not exceed the amount budgeted.

- III-J-11 General Obligation Debt Payments - Principal and interest payments on general obligation debt issued for dredging purposes and E911 are not recorded in the Debt Service Fund.

Recommendation - All principal and interest payments on general obligation debt should be paid from the Debt Services Fund.

Response - Beginning July 1, 2011, payments of principal and interest on the dredge will be paid from the Debt Service Fund. Since the final payment on the E911 was made in early fiscal year 2011, the recommended change will not be made, and that project will end as it began.

Conclusion - Response accepted.